

TENNESSEE REGULATORY AUTHORITY

Deborah Taylor Tate, Chairman
Pat Miller, Director
Sara Kyle, Director
Ron Jones, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

July 14, 2003

EllenAnn G. Sands, Esq.
Nowalsky, Bronson & Gothard
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002

*Re: Notification by ITC^DeltaCom, Inc. and ITC^DeltaCom Communications, Inc.,
d/b/a ITC^DeltaCom of a Stock Transaction*

Dear Ms. Sands:

I am writing in response to your Notification, which stated: "It is our understanding, based upon a review of the applicable statutes and regulations, that this transaction does not require prior Commission approval."

The Tennessee Regulatory Authority ("TRA" or "Authority") must give prior approval to any transaction in which the ownership of a public utility changes, even if that ownership change occurs at an ownership level above the public utility's direct parent. In addition, ownership changes resulting from stock transfers are still considered to be ownership changes.

The TRA's jurisdiction over such transactions derives from Tenn. Code Ann. § 65-4-113(a), which provides as follows:

No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the [A]uthority, to any individual, partnership, corporation or other entity without first obtaining the approval of the [A]uthority.

Tenn. Code Ann. § 65-4-101 defines a public utility, as it pertains to telephone utilities, as:

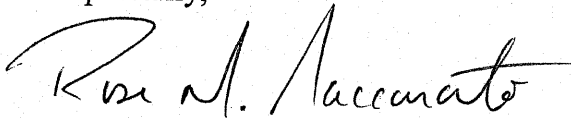
[E]very individual, copartnership, association, corporation, or joint stock company, its lessees, trustees, or receivers, appointed by any court whatsoever, that own, operate, manage or control, within the state, any... telecommunications services... plant or equipment, affected by and dedicated to the public use...

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Since owners who may be levels above the public utility still maintain ownership and control over the utility's services, plant and equipment, the TRA must give prior approval to any transaction in which that ownership is transferred. Any transaction in which majority ownership of the utility changes, at any level of ownership, is a transfer of control under Tenn. Code Ann. § 65-4-113, and, thus, requires prior approval from the Authority.

The above-referenced notification, as it included the requisite filing fee, was accepted as a petition to the Authority for approval of the transaction in question. The petition will go before the TRA Directors at the July 21, 2003 Authority Conference. If you have any further questions regarding this matter, please feel free to contact me at rose.naccarato@state.tn.us or at 615-741-2904 ext. 156.

Respectfully,



Rose M. Naccarato
Economic Policy Analyst
Economic Analysis and Market Monitoring Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

- c. Aster Adams, Richard Collier, Kim Beals, Joe Werner, Darlene Standley, Dockets & Records (Docket #03-00430)